MULTIMEDIA UNIVERSITY

STUDENT IDENTIFICATION NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016 / 2017

UNL 1612 – CONTRACT LAW 1

(All Sections/Groups)

18 OCTOBER 2016

Reading Time : 9.00 a.m. – 9.15 a.m.

(15 Minutes)

Answering Time : 9.15 a.m. – 12.15 p.m.

(3 Hours)

INSTRUCTIONS TO STUDENTS

1. Students will have **fifteen minutes** during which they read the paper and make rough notes ONLY on their question paper. Students then have the remaining **THREE HOURS** in which to answer the question.
2. This Question paper consists of 5 Pages and 5 Questions only.
3. Answer **FOUR (4) Questions Only.**
4. Students are allowed to bring into the examination hall CLEAN and ORIGINAL copy of:
   i. **Contracts Act 1950 (Act 136)**

   Students are not allowed to lend or borrow statute(s) during the examination.
5. Please write all your answers in the Answer Booklet provided.

QUESTION 1

(a) An offer should be made with a view to obtain the assent of the offeree so as to be legally bound on acceptance; or else it would be treated as an invitation to treat.

Discuss with the support from statutory provisions and decided cases.

(15 Marks)

(b) Situ Bhd. offered 1000 shares at RM 100/- per share to Becca on 15th July 2015. Becca wanted to buy all the 5000 shares, but did not have enough money to purchase them. So she offered to buy the 5000 shares at RM 90/- per share on 20th July 2015. Situ Bhd. refused to sell at that rate.

On 22nd July 2015, Becca by luck won a lottery draw of RM200,000/-. She was overjoyed because with the prize money she could afford to buy the shares. She contacted Situ Bhd. and told them that she accepted Situ Bhd's offer of 15th July 2015 and requested for the share certificate to be issued in her name. However, Situ Bhd. informed her that the company was unable to sell the shares to her as it was already sold to another buyer on 21st July 2015. Becca filed an action against Situ Bhd. for breach of agreement.

Advise Becca.

(10 Marks)

(Total: 25 Marks)

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QUESTION 2

(a) In *Choo Tiong Hin & Ors v Choo Hock Swee* (1959) 25 MLJ 67, CA Singapore, Whatt CJ stated :

> ... an agreement is not a contract in the strict sense of the word, unless it is the common intention of the parties that it shall be legally enforceable. Such an intention is normally inferred from the nature of the agreement. For instance, in the case of agreements regulating commerce for business, it is obvious that the parties intend legal consequences to follow; *per contra*, in the case of agreements relating to social engagements, it is inferred as matter of course that there is no common intention to create legal obligations.

Discuss the above statement and support your answer with relevant statutory provisions and decided cases.

(15 Marks)

(b) Samy and his wife, Geetha mutually agreed to separate. Thereafter, Samy executed a written and registered agreement where he promised that during the separation period he would pay Geetha a monthly maintenance allowance of RM2000. The agreement stated that there had been irreconcilable quarrels between Samy and Geetha as a result of which they had voluntarily agreed to separate. Upon separation Samy refused to honour the agreement made. Geetha wants to sue Samy to enforce the promise.

Advise Geetha.

(10 Marks)

(Total: 25 Marks)

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QUESTION 3

(a) In *Punca Klasik Sdn Bhd v Foh Chong & Sons Sdn Bhd & Ors* [1998] 1 CLJ 601, CA, the Court of Appeal stated as follows:

> The doctrine of privity of contract is well known. It provides that only parties to a contract can enjoy the benefits of that contract or suffer the burdens of it. Consideration must flow from the promisee; a person cannot simply sue on a contract if the consideration is provided by another even where the contract is made for his benefit.

Analyze the above statement in relation to the law on privity of contract in Malaysia and England with decided cases.

(15 Marks)

(b) Saran, a minor, borrowed a loan of RM 15,000/- in January 2015 from Fiona by executing a promissory note. He stated that he was 21 years of age and was fully competent to enter into the agreement. Saran then promised Rek, 16 years of age, that he would marry her as soon as he returned from Europe after watching the Euro Football Championships June 2015. Saran went to Europe and returned to Malaysia after having spent all the money he had borrowed from Fiona. Both Fiona and Rek sued Saran to enforce their rights, i.e., Fiona on the promissory note and Rek for the breach of promise to marry.

Advise the parties.

(10 Marks)

(Total: 25 Marks)

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QUESTION 4

(a) Discuss the recent developments in relation to the doctrine of Promissory Estoppel. What are the effects of these developments on the following features of equitable doctrine? Support your answer with decided cases.

(15 Marks)

(b) Peter leases from Lee a big hall which has been previously used as a warehouse at a monthly rent of RM1000/- for 3 years. Before the contract was concluded Peter had told Lee that he wanted to use the said hall as an international trade exhibition hall. He also enquired from Lee as to how many trade booth the hall can accommodates. Lee replied: "as many as 500 booths." Peter found later that only 300 booths could be constructed at one time in the hall. Peter wants to repudiate the contract as well as claim damages.

Advise Peter.

(10 Marks)

(Total: 25 Marks)

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QUESTION 5

(a) No consideration is required in case of agreements made on account of natural love and affection. Nevertheless, there are certain requirements, which need to be strictly complied with before such agreements can stand the test in law.

Discuss the above statement with the help of statutory provisions and support your answer with decided cases.

(15 Marks)

(b) John bought a recondition car for his wife from Smith, the car salesman from Sports Motors on the 20th November 2014. Smith had assured John of the excellent quality of the car to be delivered to him on 30th November 2014. The car was delivered to John's house in PJ on the stipulated date and was received by his wife, while he was away in Penang attending a conference. However, when he returned home two weeks later, after the delivery of the car, he found that the car could not start. The axle of the car was broken and the gear did not function well. John requested to Smith that the car be replaced with another car. Smith refused and told him that his company would replace the defective parts only when they became available on the 30th of December 2014.

Advise John.

(10 Marks)

(Total: 25 Marks)

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